

Message Text

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ACTION ABF-01

INFO OCT-01 NEA-10 ISO-00 AGR-10 OES-06 CIAE-00 COME-00

DODE-00 DOTE-00 EB-07 EPA-04 FSE-00 HEW-06 HUD-02

INR-07 INT-05 LOC-01 NASA-02 NSAE-00 NSF-02 OMB-01

USIA-15 SMI-01 TRSE-00 FBOE-00 /081 W

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R 241225Z AUG 76

FM AMEMBASSY TUNIS

TO SECSTATE WASHDC 3943

UNCLAS TUNIS 5915

E.O.11652: N/A

TAGS: ABUD TS

SUBJECT: SPECIAL FOREIGN CURRENCY PROGRAMS -- FY 77

REF: STATE 196771

1. EMBASSY GREATLY APPRECIATES OPPORTUNITY TO MAKE ITS VIEWS KNOWN ON ALLOCATION OF SPECIAL FOREIGN CURRENCY FOR FY 77. EMBASSY WOULD RECOMMEND FOLLOWING PRIORITIES:

A. FIRST PRIORITY: USIA CONTINUNG PROGRAMS. THESE ARE USG OPERATING EXPENSES THAT SHOULD BE COVERED IN FULL.

B. SECOND PRIORITY: FBO ACCOUNTS. WE HAVE UNIQUE OPPORTUNITY TO ROUND OUT OUR PROPERTY ACQUISITION PROGRAM HERE BEFORE LAND AND CONSTRUCTION COSTS TAKE OFF. ASCENT HAS ALREADY BEGUN AND WE CAN SAVE BALANCE OF PAYMENTS SUBSTANTIAL ANNUAL SUM FOR INDEFINITE FUTURE BY MOVING NOW. RECENT IGA INSPECTION REPORT STRONGLY SUPPORTS SUCH A MOVE. FBO HAS PROPOSED \$1.2 MILLION FOR ACQUISITION TEN RESIDENTIAL UNITS. HOWEVER, RECENT PRICE INCREASES HAVE BEEN SUCH THAT THIS AMOUNT

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WOULD NO LONGER COVER TEN UNITS. EMBASSY PRESENTLY

HAS SEVEN RESIDENTIAL UNIT PROJECTS IN MIND (THREE OF WHICH WOULD BE CONSTRUCTION ON USG-OWNED SITES) TOTALING \$1,145,000. PROPOSED PROJECTS WILL BE TRANSMITTED DIRECTLY TO FBO BY A SEPARATE MESSAGE. IF THESE PROPERTIES ACQUIRED EMBASSY WOULD NEED ENTIRE \$445,000 PROPOSED BY FBO FOR OPERATING ACCOUNT.

C. THIRD PRIORITY: CONTINUATION OF PROGRAMS BY OTHER AGENCIES. IN THIS CATEGORY WE ARE UNABLE TO RECOMMEND PRIORITIES AMONG PROJECTS OF THREE MAJOR PARTICIPATING AGENCIES: HEW, SMITHSONIAN AND NSF, SINCE VARIOUS METHODS ARE USED IN ALLOCATING SUMS BY FISCAL YEAR AND WE CANNOT MAKE MEANINGFUL COMPARISONS. WE BELIEVE ALL OF ON-GOING PROJECTS ARE WORTHWHILE BUT WE DO QUESTION VERY SUBSTANTIAL SUPPLEMENT (ALMOST HALF MILLION DOLLARS) FOR HEW IMMUNOLOGY OF BREAST CANCER PROJECT. AT SAME TIME HEW HAS OBLIGATED BUT NOT SPEND SIZABLE ALLOCATIONS OF FUNDS ON SOME PROJECTS -- E.G. PROSTHETICS AND JUVENILE REHABILITATION -- WHICH APPEAR TO US DEAD OR DORMANT.

D. FOURTH PRIORITY: NEW PROJECTS. IN VIEW OF PROSPECT OF LIMITED AVAILABILITIES IN FY 77 AND AFTER; BELIEVE ALLOCATIONS FOR NEW PROJECTS SHOULD BE CONTINGENT UPON AVAILABILITY OF FUNDS IN EXCESS AMOUNTS REQUIRED TO CONCLUDE ON-GOING PROJECTS IN ORDERLY MANNER. IN THIS CATEGORY THERE WOULD APPEAR TO BE ABOUT \$550,000 PROPOSED BY HEW FOR NEW PROJECTS INVOLVING THE DEAF, DISABLED AND RURAL SOCIAL SERVICES.

E. FIFTH PRIORITY: REGIONAL CONFERENCES. EXISTING UNCERTAINTY AND DIFFICULTIES CAUSED BY AIRLINE NON-ACCEPTANCE OF TUNISIAN DINARS LEADS US TO RECOMMEND AGAINST ANY RESERVATION OF SFCP FUNDS FOR REGIONAL CONFERENCES WHICH DEPEND ON EXTENSIVE AND DIVERSE TRAVEL ARRANGEMENTS.

2. AS DEPARTMENT POINTS OUT, TOTAL REQUESTED FAR EXCEEDS ESTIMATED AVAILABILITY. BEYOND USG OPERATING REQUIREMENTS, OUR FIRST CONCERN SHOULD BE (A) TO UNCLASSIFIED

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COMPLETE OUR RESIDENTIAL PURCHASE PROGRAM, THUS SUBSTANTIALLY REDUCING OUR DOLLAR EXPENDITURES IN TUNISIA IN FUTURE YEARS, AND (B) TO MAKE ADEQUATE PROVISION FOR COMPLETING CURRENT RESEARCH PROJECTS SO AS NOT TO LOSE BENEFIT OF USG FUNDS ALREADY EXPENDED AND TO CONCLUDE OUR RESEARCH PROJECTS IN SUCH A WAY AS TO PRESERVE OUR HARMONIOUS RELATIONSHIPS WITH GOT.

3. EMBASSY HOPES THAT THESE RECOMMENDATIONS CAN BE
GIVEN CAREFUL STUDY OVER NEXT MONTH. I WOULD LIKE TO
DISCUSS FUTURE OF SFCP IN DETAIL WITH INTERESTED
PARTIES DURING MY VISIT TO WASHINGTON IN OCTOBER FOR
US-TUNISIAN JOINT COMMISSION MEETING.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 24 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976TUNIS05915
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760323-0039
From: TUNIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760823/aaaaatuc.tel
Line Count: 122
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ABF
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 76 STATE 196771
Review Action: RELEASED, APPROVED
Review Authority: blackch
Review Comment: n/a
Review Content Flags:
Review Date: 22 MAR 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22-Mar-2001 by blackch>; RELEASED <22-Mar-2001 by blackch>; APPROVED <28-Mar-2001 by blackch>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SPECIAL FOREIGN CURRENCY PROGRAMS -- FY 77
TAGS: ABUD, TS
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006